

KREAB

Kentucky Real Estate Appraisers Board

Newsletter



Volume 8

October 2014

Number 1



www.kreab.ky.gov

Inside this issue:

Be Prepared-The Criteria Is Changing by Larry Disney	2
Be Prepared-The Criteria Is Changing, continued	3
Be Prepared-The Criteria Is Changing, continued	4
Fannie Mae Updates Selling Guidelines - Effective April 15, 2014	5
Disciplinary Actions Investigator Report By Tom Veit	6
Investigator Report, continued Disciplinary Action, continued	7
Disciplinary Action, continued	8
Things You Need To Know By Angie and Kim	9
Important Dates	10

We would like to welcome Mr. Brian T. Judy, Assistant Attorney General, to the Kentucky Real Estate Appraisers Board. Mr. Judy began his duties as Legal Counsel on June 27, 2014.



Mr. Brian T. Judy, Legal Counsel



The Board Members and Staff attended a training session followed by the regularly scheduled board meeting for September at Barren River Lake State Resort Park.

Kentucky Licensed/Certified Appraisers

Associates	201
Licensed Residential	15
Certified Residential	752
Certified General	585

Total Number 1553

Appraisal Management Companies

Total Number 125

KENTUCKY REAL ESTATE APPRAISERS BOARD

135 W. Irvine Street, Suite 301

Richmond, KY 40475

Phone: (859) 623-1658

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BOARD MEMBERS

HAROLD G. BRANTLEY - CHAIRPERSON

Appraiser Member

Bowling Green

Term - 11/19/2015



SAM E. BLACKBURN - VICE-CHAIRPERSON

Lender Member

Frankfort

Term - 11/12/2014



G. HERBERT PRITCHETT -

Appraiser Member

Madisonville

Term - 11/12/2014

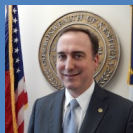


THOMAS OLIVER -

Lender Member

Glasgow

Term - 11/19/2016

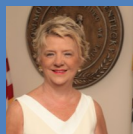


KATHY MAYFIELD -

Consumer Member

Winchester

Term - 11/19/2016



STAFF MEMBERS

[Larry Disney](#), Executive Director

[Tom Veit](#), Executive Assistant

[Angie Thomas](#), Staff Assistant

[Kim Mathias](#), Executive Secretary

Brian T. Judy, Legal Counsel

Be Prepared - The Criteria is Changing

By: Larry Disney,

Executive Director



The purpose of this article is to provide information about the Appraiser Qualifications Board changes to the Real Property Appraiser Qualifications Criteria and the Kentucky Real Estate Appraisers Board compliance with those changes.

The Kentucky Real Estate Appraisers Board is pleased to announce that the current statutes and administrative regulations have been updated to include all of the mandated January 1, 2015 criteria.

Please remember that the following criteria applies only to new or initial applicants and will not impact existing credential holders, unless an appraiser should elect to move from one credential to another, i.e. certified residential to general or Associate to Certified. While in the previous instance the appraiser will not be considered a new or initial applicant prior to receiving the credential, all items of criteria that are required to be completed, i.e., additional education, experience, the requisite examination, and any additional items in place at the time of application must be completed.

Continued on page 3

Supervisor/Associate Training Course

****UPDATE****

The KREAB has put together a committee of education providers, supervisors, and appraisers to revise the current Supervisor/Associate Training Course. This committee is reviewing every aspect of the current course for content and accuracy and to make sure the course is in line with all requirements, both national and state.

KREAB realizes that this course needs to be offered on a more frequent basis and is working with several educator providers to see if we can get this course taught by other educator providers, as well as, the Board.

The anticipated completion date of the revised course is December 2014. No version of the Supervisor/Associate Training Course will be available to Kentucky appraisers prior to the completion of this project.

KREAB's main goal is to develop a Supervisor/Associate Training course that is both relevant and current for today's appraisers.

Be Prepared - The Criteria is Changing continued from page 2

National Uniform Licensing and Certification Examination	Both Education and Experience must be completed prior to taking the AQB approved National Examination	201 KAR Section 1 (3)
Background Checks	All initial candidates must undergo background screening. (In KY the requirement will not apply to existing credential holders.	KAR 324A:100
Restriction on Continuing Education course offerings	Aside from 7-hour National USPAP Update course, appraisers may not receive credit for completion of the same continuing Education course offering within the same CE cycle.	201 KAR 30:180 Sect. 3 (7) (a) (b)
Revisions to Qualifying and Continuing Education Topics	Added topics on green building (qualifying and continuing education), seller concessions (qualifying and continuing education) and developing opinions of real property value in appraisals that also include personal property/and or business value (continuing education only)	201 KAR 30:125 Sect. 2 (n) (o) (p) (q) 201 KAR 180 (Distance Education, both QE and CE) 201 KAR 190 (Qualifying Education)
Four Year college degree	Beginning January 1, 2015, All initial applicants for a KY residential real property appraiser license or certification credential shall have been awarded a four year degree prior to the credential being issued.	201 KAR 30:190 Sect. 5 (3) 201 KAR 30:190 Sect. 6 (3) 201 KAR 30:190 Sect. 7 (4)
Supervisory Appraiser	Prior to being approved as a KY supervisory appraiser, the applicant shall be in good standing with the board and not have been subject to any disciplinary action within the last three (3) years that affects the legal ability to engage in appraisal practice, and shall have been a KY certified appraiser for three (3) years prior to being eligible to become a Supervisory Appraiser.	201 KAR 30:030 Sect. 2 (e)
Supervisory Appraiser	A KY Supervisory appraiser may not supervise more than three (3) Associate Appraisers at one time.	201 KAR 30:030 Sect. 2 (h) (5)
Associate Appraiser	All qualifying education must be completed within the five (5) year period prior to the date of submission of an initial application for a KY Associate credential.	201 KAR 30:190 Sect. 4 (4)
Associate Appraiser	A KY Associate Appraiser is permitted to have more than one Supervisory Appraiser at any one time.	201 KAR 30:030 Sect. 2 (4) (b)
Shared Responsibility of Supervisory Appraiser and Associate Appraiser	Each Supervisory Appraiser and each Associate Appraiser shall have joint responsibility in completing the appraisal experience log to ensure that it is accurate, current, and for the compliance with the requirements of KY statutes and administrative regulations.	201 KAR 30:030 Sect. 2 (h)
Shared requirement for Supervisory Appraiser and Associate Appraiser	Both the Supervisory Appraiser and the Associate Appraiser are required to complete the mandated KREAB Supervisory/Associate course prior to beginning supervision and prior to the Associate Appraiser beginning to receive credible experience.	201 KAR 30:030 Sect. 2 (5) (a)

Continued on page 4

Be Prepared - The Criteria is Changing continued from page 3

It is important to remember that as of January 1, 2015, each of the above items, including having a bachelor's degree, will be required prior to receiving a Kentucky licensed residential real property or certified real property appraiser credential.

If anyone has questions concerning the requirements, please contact the office staff of the Kentucky Real Estate Appraisers Board.

The Kentucky Licensed Residential Real Property Credential

The Kentucky Real Estate Appraisers Board statutes and administrative regulations include the Licensed Residential Real Property Appraiser credential. It is important that each applicant who resides in Kentucky and any out-of-state resident who may decide to apply for reciprocity using a credential issued by another state read and become familiar with the following:

The requirements to become a licensed residential real property appraiser in Kentucky are different than those of most other states. As a result, it is not likely that the Board will grant reciprocity to a licensed residential real property appraiser from another state except under very limited circumstances.

To become a licensed residential real property appraiser, the applicant must have successfully completed 180 hours of qualifying education in specific coursework, 2,000 hours of experience in 24 months, and a bachelor's degree. Please see the chart below for details.

AQB Experience	KREAB Experience	AQB Qualifying Education	KREAB Qualifying Education	AQB College Degree	KREAB College Degree
2,000 hours in no fewer than 12 months.	2,000 hours in no fewer than 24 months	150 hours of appraiser education	180 hours of appraiser education	Associate's degree or higher	Bachelor's degree or higher

Change in Criteria for Obtaining a Kentucky Appraiser Credential

Beginning on January 1, 2015, Kentucky applicants for a Licensed Residential Real Property, Certified Residential, and Certified General Real Property appraiser will be required to have a bachelor's degree. There will no longer be any "in lieu of" education allowed for upgrade as of that date. There will be no segmented approach or "grandfathering", so applicants for the licensed or certified credential who do not have a bachelor's degree must complete all education and experience, submit their application, pass the examination, and have any character issues resolved prior to January 1, 2015.

Applicants who fail to meet the deadline by completing all appraiser qualifying education, experience, and the national examination for the type of credential applied for, will be required to have a bachelor's degree in order to upgrade to the Licensed Residential Real Property or certified level.

For more information, please visit the KREAB website at www.kreab.ky.gov under KREAB Laws and Regulations click 201 KAR Chapter 30, scroll down the page to Chapter 30, scroll down the list and click 190 Education requirements for certification.

Fannie Mae Updates Selling Guidelines Effective April 15, 2014

On April 15, 2014, Fannie Mae issued a Selling Guide Announcement that included the following updates for the property eligibility and appraisal requirements:

- ◆ Clarification that certain property types not eligible for acquisition by Fannie Mae include boarding houses and bed and breakfast properties.
- ◆ Added requirement that a manufactured house unit must not have been previously installed or occupied at any other site or location, except from the manufacturer or the dealer's lot as a new unit.
- ◆ Provided an alternative to the requirement for an original HUD Certification Label/Data Plate for a manufactured home.
- ◆ Added that a manufactured house that has an addition or have had a structural modification are eligible under certain conditions.
- ◆ Added an exception to the requirement that properties with multiple parcels must be adjoined in order for the loan to be eligible for delivery.
- ◆ The multiple parcels policy has been revised to provide flexibility. Each parcel is no longer required to have residential zoning, instead each parcel must have the same basic zoning (e.g., residential, agriculture).
- ◆ Added the requirement that a front photograph of the subject must be taken when completing the Appraisal Update portion of the *Appraisal Update and/or Completion Report* (Form 1004D) to validate that the appraiser has inspected at least the exterior of the property when he or she performed the appraisal update/completion report.
- ◆ When an appraisal update is required, it must be reported on the *Appraisal Update and/or Completion Report* (Form 1004D).
- ◆ Fannie Mae will allow the use of an origination appraisal for a subsequent transaction if certain requirements relating to the transaction type, age of the appraisal, and continuity of ownership and the lender are met, and there is no change to the property condition impacting the market value of the property.
- ◆ Revised the policy by removing the requirement that an explanation is required when using a comparable sale that is older than six months.
- ◆ Provided an example to illustrate that in some instances it may be appropriate to use older sales with proper time adjustments rather than a dissimilar more recent sale. An older sale may be more appropriate in situations when market conditions have impacted the availability of recent sales as long as the appraisal reflects the changing market conditions.
- ◆ Provided additional clarifications and updates for examples demonstrating how the Gross Living Area (GLA) should be calculated and reported.
- ◆ Clarified that the final version of the corrected or amended appraisal report must be the one that is uploaded to UCDP.
- ◆ Clarified and/or provided Guidance concerning the neighborhood section of the appraisal report.
- ◆ Clarified and/or provided Guidance concerning the site section of the appraisal report.
- ◆ Clarified and/or provided Guidance concerning the improvements section of the appraisal report.
- ◆ Clarified and/or provided Guidance concerning the property condition and the quality of construction of the improvements.

In order to obtain additional information and understanding of the above listed Fannie Mae Announcement items, please access the Fannie Mae Selling Guide Announcement SEL-2014-03 at the following link:

<https://www.fanniemae.com/content/announcement/sel1403.pdf>

Disciplinary Action

July 1 - September 30, 2014

Appraiser Cases Dismissed :

14-02 14-16 14-17 14-18 14-21 14-22

AMC Cases Dismissed:

12-06 AMC 13-01 AMC 13-03 AMC

Agreed Orders:

Case No.: 13-42

Violation Level: III

USPAP Violations: RECORDING KEEPING RULE, SR 1-1(a), SR 2-2(b)(v)(vii)(viii)(x), SR 2-3

Violation Summary: Oral report (court testimony): No summary of court testimony, lack of sufficient information in the workfile to support the estimated value opinions, did not cite the source of the market value definition, certification was not similar to SR 2-3 (prior service was omitted), and stated significant professional assistance was provided when none was provided.

Agreed Order: Appraiser shall be fined the sum of \$1000.00 with total amount paid within 60 days of the signed Agreed Order.

Appraiser agrees that the Board shall not renew his/her certification for the 2015 renewal cycle July 1, 2015 until s/he has completed the requirements of the terms of this Agreed Order.

Case No.: 13-58

Violation Level: II

USPAP Violations: SR 1-1(a)(b)(c), SR 2-1(a)(b), SR 2-2(b)(ix)

Violation Summary: Multifamily appraisal form: The values per unit, bedroom, and room were not bracketed, site value was not based on a recognized method and technique.

Agreed Order: Appraiser shall complete a 7 hour 2-4 Family Finesse course and a 3 hour Deriving and Supporting Adjustments and a 5 hour Introduction to Complex Appraisal Assignments. Said 15 hours of education shall be in addition to the regular continuing education requirement of 201 KAR 30:050 Section 7. The course work required herein shall be completed by December 31, 2014.

Appraiser shall submit a log of assignments to the KREAB office every 3 months for 3 years from the date the Agreed Order is signed, and the KREAB staff or designee shall have the right to request and review reports from the log upon notice to the respondent.

Appraiser agrees to no Associate appraisers for 3 years from the date of the Agreed Order.

Appraiser shall be restricted from appraising 2-4 family unit residential properties until

Continued on page 7

Investigator Report

Currently the total number of appraiser complaints submitted for 2014 is 35, which is just under our average (year to date) for the past several years. The grievant sources for submitting the most complaints are the home owner and real estate sales professional. All appraiser cases that have been filed from April 24, 2014 to September 21, 2014 should be investigated within the next three months.

The total number of AMC complaints submitted for 2014 is 14. The primary complaint against AMC's is non-payment within 45 days.

201 KAR 30:375: Section 1. (1) A registrant shall make payment to an engaged appraiser for the completion of an appraisal within forty-five (45) days after the date on which the appraisal is transmitted or otherwise completed.

The BOARD has seen an increase in complaints concerning certified residential appraisers appraising farm properties (primarily agricultural use). Certified residential appraisers may perform residential appraisals of one (1) to four (4) units, vacant or improved (primarily residential use). Specifically, **201 KAR 30:030** Section 2(2) states, "A certified residential real property appraiser may perform residential appraisals of one (1) to four (4) units.

Continued on page 7

Investigator Report

By: Tom Veit,
Executive Assistant



Investigator Report **continued from page 6**

Therefore, questions that need to be answered before performing an appraisal are:

Highest and best use

Conducive for Zoning

Can the land be subdivided into more than four units

Are there extensive crops and/or livestock

Is the property residential in nature, or is it agricultural in nature.

If you hold a certified residential license, and need additional information please call the BOARD office.



Disciplinary Action, continued

Disciplinary Action **Continued from page 6**

December 31, 2014 or until the successful completion of an education course in appraising 2-4 residential living units that must be completed prior to December 31, 2014.

Appraiser agrees that the Board shall not renew his/her certification for the 2015 renewal cycle July 1, 2015 until s/he has completed the requirements of the terms of this Agreed Order.

Case No.: 13-59 **Supervisor**

Violation Level: III

USPAP Violations: ETHICS Rule, SR 1-4(b)(i), SR 2-1(a)(b), SR 2-2(b)(ix)

Violation Summary: Appraisal Report URAR for Experience Review: The appraisal report submitted to the Board was not a true copy, support for Highest and Best Use was not summarized, and there was no opinion for site value opinion.

Agreed Order: Appraiser shall complete 30 hour Market Analysis & Highest and Best Use course with successful completion of the examination. Said 16 hours of education shall be credited toward the disciplinary settlement of this case and the additional 14 hours shall be credited toward the continuing education credit for renewal of his 2014/2015 appraiser license as required in 201 KAR 30:050 § 7. The course work required herein shall be completed by December 31, 2014.

Appraiser agrees to submit an experience log every 3 months for a period of 2 years and the log will be monitored and reports will be selected for staff review.

Continued on page 8



Disciplinary Action, continued

Disciplinary Action **Continued from page 7**

Case No.: 13-59 Associate

Violation Level: III

USPAP Violations: ETHICS Rule, SR 1-4(b)(i), SR 2-1(a)(b), SR 2-2(b)(ix)

Violation Summary: Appraisal Report URAR for Experience Review: The appraisal report submitted to the Board was not a true copy, support for Highest and Best Use was not summarized, and there was no opinion for site value opinion.

Agreed Order: Appraiser shall be fined the sum of \$500.00 that is payable upon the return of the Agreed Order.

Appraiser must submit an additional 100 hours of appraisal experience from May 23, 2014 through August 30, 2014. The experience log will be reviewed and staff will select reports for experience credit of USPAP compliance prior to a recommendation to the Board that experience be approved.

Case No's.: 14-10, 14-11, 14-12

Violation Level: II

USPAP Violations: SR 1-1(a)(c), SR 1-2(f)(g), SR 1-4(b)(I), SR 1-5(b), SR 1-6(b), SR 2-1 (a)(b)(c), SR 2-2 (b)(viii)(ix)(x), SR 2-3

Violation Summary: 3 residential report forms: Did not base lot sizes on credible methods, did not analyze Highest and Best Use, utilized extraordinary assumptions without stating "might affect value opinion if found to be false", multiple mistakes filling out the URAR form, and the reconciliation section did not reconcile all three approaches to value.

Agreed Order: Appraiser shall complete a 15 hour Cost Approach and Site Valuation course with successful completion of the examination, a 15 hour Market Analysis and Highest and Best Use course with successful completion of the examination, and a 15 hour Residential Report Writing course with successful completion of an examination. Said 45 hours of education shall be in addition to the regular continuing education requirement of 201 KAR 30:050 Section 7. The course work required herein shall be completed by June 30, 2015.

Appraiser shall submit a log of assignments to the KREAB office beginning in September 2014 every 6 months for 2 years from the date the Agreed Order is signed, and the KREAB staff or designee shall have the right to request and review reports from the log upon notice to the respondent.

Appraiser agrees not to contract, employ, or supervise any Associate appraisers for 2 years from the date of the Agreed Order.

Appraiser agrees that the Board shall not renew his/her certification for the 2015 renewal cycle July 1, 2015 until s/he has completed the requirements of the terms set out in this Agreed Order.

Case No.: 14-14

Violation Level: III

USPAP Violations: 201 KAR 30:030, SR 2-1 (a)(b), SR 2-2 (c)(iii)(v)(vii)(viii)(ix)(x)(xi)

Violation Summary: Vacant land form with 2006 appraisal report date: The certified residential appraiser appraised a non-residential property consisting of 980 acres used exclusively for hunting purposes, did not analyze Highest and Best Use, utilized assumptions without stating "might affect value opinion if found to be false", did not document sufficiently to identify the real property appraised, did not site the source of the market value definition, did not state appraisal procedures followed, did not sufficiently summarize the analysis of the listing and contract to purchase, stated agricultural zone when there was no zoning, and the sales comparison approach does not have sufficient analysis and summary to produce a credible report.

Agreed Order: Appraiser shall be fined the sum of \$500.00 with total amount due with the signed Agreed Order.

Appraiser agrees that the Board shall not renew his/her certification for the 2015 renewal cycle July 1, 2015 until s/he has completed the requirements of the terms of this Agreed Order.

APPRAISERS...

The 2014 Renewal window is closed as of July 1, 2014.

IF YOU HAVE NOT RENEWED YET AND NEED TO REIN-
STATE YOUR LICENSE,
CALL THE BOARD at (859) 623-1658

Dates for the CE requirement for
the **2015** Renewal cycle -

May 16, 2014 - May 15, 2015

The National USPAP 7 hour
Update is **NOT** required for 2015.

**Your renewal cycle
is coming up!!**

AMC'S...

**Renewal Application forms were mailed AND emailed
August 11, 2014. You can also find the renewal
applications on our website,
www.kreab.ky.gov**

Renewal Window: October 1 - 31, 2014

The KREAB office must have the
following at all times:

CURRENT

Mailing address, E-Mail address
and Telephone number per
[KRS Chapter 324A \(3\)](#).

**Beginning
March 1, 2014**

[FBI Criminal Background Checks](#)

will be required for all initial
applicants for Kentucky Real
Property appraisal credentials
per [KRS 324A 0.100](#).



[Angie Thomas](#)
Staff Assistant

[Find us on Facebook!](#)






Things You Need To Know...



[Kim Mathias](#)
Executive Secretary

Important Dates

Tuesday, November 11th	KREAB Office will be closed in observance of Veteran's Day	
Thursday & Friday November 27-28th	KREAB Office will be closed in observance of Thanksgiving	
Thursday & Friday December 25-26th	KREAB Office will be closed in observance of Christmas	
Thursday & Friday, January 1-2nd	KREAB Office will be closed in observance of New Year's Eve	